

Call for extended abstracts for special section of *Industrial and Corporate Change*

Special section title:

Innovation policy and mission-oriented public organizations

Edited by

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Synopsis

Richard Nelson and Sidney Winter argued more than 30 years ago that

If one views policy making as a continuing process, the organizational and institutional structures involved become critical. Public policies and programs, like private activities, are embedded in and carried out by organizations. And, in a basic sense, it is the organizations that learn, and adapt. The design of a good policy is, to a considerable extent, the design of an organizational structure capable of learning and of adjusting behavior in response to what is learned.¹

Yet, most current innovation and industrial policy debates have one thing in common: implementation of policies is often assumed to be exogenous to policies; what matters is the *policy choice* (e.g., what kind of R&D tax breaks work? should we have a public venture capital fund?), and not *how* this choice is designed and implemented, and by whom. Thus, there is typically an inherent *policy bias* when we talk about innovation, industry and the state. In all of the recent larger evaluations of innovation policies, implementation issues have not received any special attention.² This is all the more important in the post-2008 world where next to innovation policy also industrial policy is making a comeback and questions about organizational capabilities for new industrial policy efforts have become pertinent to its success or failure. The dynamics of public organizations in terms of their internal structures have been largely ignored in the innovation literature—both theoretically and empirically.³ This is a problem as being flexible, explorative and welcoming of change is just as critical for public sector organizations as it is for business organizations in

¹ Richard Nelson and Sydney Winter (1982), *An evolutionary theory of economic change*, Harvard University Press.

² See, e.g., European Commission (2013), *Lessons from a Decade of Innovation Policy. What can be learnt from the INNO Policy TrendChart and The Innovation Union Scoreboard*, Brussels: European Commission; Manchester Institute of Innovation Research (2012), *Compendium of Evidence on the Effectiveness of Innovation Policy Intervention*. London: Nesta. OECD country studies of innovation policy often do describe implementing agencies but rarely go into analytical details (e.g., whether the success of a measure has anything to do with the agency implementing it or not).

³ Rainer Kattel and Erkki Karo (2015), "Innovation Bureaucracy: Does the organization of government matter when promoting innovation?" CIRCLE Papers in Innovation Studies, Lund University, 38, http://swopec.hhs.se/lucirc/abs/lucirc2015_038.htm.

innovation eco-systems. As Albert Hirschman argued in 1987, understanding policy *as process* of discovery requires a “...*shift from total confidence in the existence of a fundamental solution for social and economic problems to a more questioning, pragmatic attitude –from ideological certainty to more open-ended, eclectic, skeptical inquiry*”.

But how? Organizing and implementing innovation policy in creative explorative ways becomes even more important when we consider mission-oriented policy initiatives aiming to tackle such complex and multidisciplinary areas like climate change and aging societies. While mission oriented innovations have been recognized,⁴ their organizational foundations have not. Missions imply setting directions of change – that is, tilting (rather than leveling) the playing field to favor certain types of change more than others.⁵ To a large extent, the IT revolution was picked as were also the biotech, nanotech and green revolutions.⁶ What should be the core of the policy debate is not whether policies require picking and choosing but how to enable such picking to occur in a way that is guided by key lessons on how to nurture a learning and adaptation process which prevents the system from getting locked into suboptimal circumstances. Missions should be broad enough to catalyze many different sectors (the man on moon mission required a dozen sectors to engage) but concrete enough to translate into specific problems to solve, so that progress toward the mission can be evaluated on a continual basis. Organizational questions include how to view the state as investor, with concrete ways to structure portfolios that not only de-risk b but work in real partnership with business *taking risks*, co-creating and shaping markets which lay the path for future investment opportunities.⁷

With this special issue we seek to answer the following broader research question: how should public organizations be structured so they accommodate the risk-taking, explorative capacity and capabilities needed to envision and manage contemporary challenges? We welcome both theoretical and empirical contributions from both historical and contemporary angles. Contributions can be comparative in their nature or take a case study format.

Deadline for extended abstracts (2 pp): March 31, 2017; full papers due by July 31, 2017.

Please send extended abstracts to rainer.kattel@ttu.ee.

⁴ See Foray, D., Mowery, D. C., & Nelson, R. R. (2012). Public R&D and social challenges: What lessons from mission R&D programs?. *Research Policy*, 41(10), 1697-1702.

⁵ Mariana Mazzucato and Carlota Perez (2015), “Innovation as Growth Policy” in *The Triple Challenge: Europe in a New Age*, edited by J. Fagerberg, S. Laestadius, and B. Martin, Oxford University Press.

⁶ Mariana Mazzucato (2013), *The Entrepreneurial State: Debunking the Public Vs. Private Myth in Risk and Innovation*, Anthem Press.

⁷ Mariana Mazzucato (2016), "From Market Fixing to Market-Creating: A new framework for innovation policy", Special Issue of *Industry and Innovation*: “Innovation Policy – can it make a difference?”, 23 (2).